GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2894
ANSWERED ON:22.12.2003
REDUCTION IN PRICE OF ATF
CHANDRA NATH SINGH;PRABHA RAU;SADASHIVRAO DADOBA MANDLIK;SULTAN SALAHUDDIN OWAISI;VILAS BABURAO MUTTEMWAR

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the price of ATF went up by over 5 percent during November, 2003;

(b) if so, the details of extra cost paid by the Airlines due to increased ATF and Inland Air Travel Tax (IATT);

(c) whether the Government efforts to reduce and introduce uniform price of ATF across the country in consultation with the State Governments have failed;

(d) if so, the details thereof and reasons therefor;

(e) whether the State Governments have requested the Government for reduction in Central Sales Tax on ATF;

(f) if so, whether the Ministry has taken up the matter with the Finance Ministry; and

(g) if so, the details thereof and by when the decision is likely to be taken?

Answer

MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI RAJIV PRATAP RUDY)

(a): Yes, Sir. The price of ATF for domestic flights showed on increase of 5.10% in November, 2003 as compared to October, 2003. However, Aviation Turbine Fuel (ATF) is a decontrolled product. There is no intervention of the Government in pricing of ATF.

(b): The ATF price increase in November, 2003 resulted in additional cost of fuel of about Rs.6 crores for operations of Indian Airlines including Alliance Air during November, 2003. Government does not maintain record of expenditure incurred by the private airlines on ATF. Further, there has been no increase in the Inland Air Travel Tax (IATT).

(c) and (d): Ministry of Civil Aviation has requested State Governments to consider reducing rates of Sales Tax on ATF. Only the Governments of Andhra Pradesh, Orissa and Chhattisgarh have reduced the rates of Sales Tax. Other State Governments have not responded favourably.

(e): No, Sir.

(f) and (g): Ministry of Civil Aviation has requested Ministry of Finance to rationalise taxes on ATF.